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Before the
FEDERAL COMMUNICATIONS COMMISSION
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of	)	
	)	
Policies and Rules Concerning	)	
Children's Television Programming	)	MM Docket No. 93-48
	)	
Revision of Programming Policies	)	
for Television Broadcast Stations	)	

JOINT COMMENTS OF THE ASSOCIATION OF AMERICA'S PUBLIC TELEVISION STATIONS AND THE PUBLIC BROADCASTING SERVICE

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Summary of Position

Public Television's long-standing commitment to the educational and informational needs of children is driven by its mission, not by the marketplace. Yet it is the marketplace that must be relied upon to provide the much-needed resources to produce and distribute more educationally effective children's programming. Public Television believes that the Commission could develop criteria for implementing the sponsorship provision of the CTA that would help to redress this market failure.

The analysis we have undertaken to respond to some of the specific questions posed in the NPRM has led us to conclude that increasing the quantity of educationally effective children's programming requires more than a local approach. Data set forth in our comments show that educationally effective children's programming is very costly to produce. Research conducted by Bortz & Company, also submitted with our comments, demonstrates that recapturing the potential opportunity costs of commercial broadcasters (i.e. the difference in profits from children's educational programming compared to other programming the broadcaster might air) would be insufficient, on a purely local level, to fund the production of new, educationally effective children's programming. In many markets, these potential opportunity costs might not even be sufficient to fund the licensing of existing educational programming.

Given the economic fact of life—that, standing alone, each commercial broadcaster's potential cost savings is too small to have any significant impact on the children's programming marketplace, public television believes that encouraging the aggregation of resources at a national, regional, or state level to fund children's programming would be a more effective, and perhaps the only, means of accomplishing the goals of the CTA.

To the extent that the FCC grants commercial broadcasters credit for sponsorship arrangements at license renewal, it should grant credit only to proposals that address the marketplace's failure to provide adequate funding for children's programming. Proposals that merely transfer existing programming from one licensee to another, or that pay for programming that already exists, do not bring about the increase in children's educational programming envisioned by the CTA.

To encourage sponsorship proposals that further the purposes of the CTA, Public Television urges the Commission to adopt a policy statement or rules that offer[s] broadcasters clear guidance as to the types of sponsorship arrangements that will receive license renewal credit. Specifically, the Commission should encourage commercial broadcasters to assure the aggregation of sufficient resources to finance children's programming; assure the local broadcast distribution of educationally effective children's programming; and develop criteria for determining whether a sponsorship proposal should be awarded credit.

The guidelines established by the Commission should unleash the creativity of the marketplace to develop bolder, more creative sponsorship proposals that provide meaningful solutions to the difficult problem of funding educationally effective children's programming and assuring its local broadcast. One example of such a proposal might be the contribution of a substantial sum by a commercial broadcast network to a PBS Children's Programming Fund. PBS could use the money to acquire and distribute new, educationally effective children's programming; and the network's affiliates could in turn receive credit for the network sponsorship arrangement at license renewal.

Whatever form a sponsorship arrangement may take, the guiding principle should be whether the proposal will further the goal of the CTA by increasing the quantity of educationally effective children's programming available in the marketplace.

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JOINT COMMENTS OF THE ASSOCIATION OF AMERICA'S PUBLIC TELEVISION STATIONS AND THE PUBLIC BROADCASTING SERVICE

The Association of America's Public Television Stations ("APTS") and the Public Broadcasting Service ("PBS") (hereinafter collectively referred to as "Public Television") submit these joint comments in response to the Commission's Notice of Proposed Rulemaking in MM Docket No. 93-48 ("NPRM"). The NPRM seeks comment on actions the Commission might take to strengthen the functioning of the children's television marketplace and facilitate licensee compliance with the Children's Television Act of 1990 ("CTA").[1]

APTS and PBS are both private, non-profit membership organizations whose overlapping membership includes nearly all of the nation's 197 public television licensees. APTS engages in planning and research activities on

1 Pub. L. No. 101-437, 104 Stat. 996 (Oct. 18, 1990).

behalf of its members, as well as representing them in the legislative and policy arenas before the Commission, Congress, and the Executive Branch. PBS provides programming and related services to its members, and operates the public television satellite interconnection system. The PBS National Program Service includes public television's best-known and critically acclaimed children's programs.

I. PUBLIC TELEVISION IS COMMITTED TO PRODUCING AND BROADCASTING QUALITY PROGRAMMING THAT SERVES CHILDREN'S EDUCATIONAL AND INFORMATIONAL NEEDS

For more than 30 years, providing educational and informational programming for children, whether for home viewing or classroom instruction, has been a core component of public television's mission. A whole generation of American children has grown up under the positive educational influence of *Sesame Street* and *Mister Rogers' Neighborhood*, both of which have received countless awards and worldwide acclaim.[2] Today, PBS continues to expand and enhance its children's programming services with the launch of PTV, The Ready To Learn Service on PBS ("PTV"). PTV combines PBS's children's programming and educational initiatives with outreach services and materials for parents, educators,

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2 In the legislative history of the CTA, Congress repeatedly cited children's programming on public television as the ideal or model. See, e.g., 136 Cong. Rec. S 10123 (remarks of Sen. Hollings). The Senate Report praised public television programs such as *Mister Rogers' Neighborhood, Sesame Street, The Electric Company, 3-2-1 Contact, Square One TV*, and *Reading Rainbow*, for their proven educational value and effectiveness in teaching specific skills and concepts. S. Rep. No. 227, 101st Cong., 1st Sess. 5-7 (1989). As Congress recognized, viewing *Mister Rogers' Neighborhood* leads to increased pro-social behavior, task persistence and imaginative play, and watching *Sesame Street* helps preschool children develop letter, number, pre-reading, and vocabulary skills. Id. The Senate Report stated, "Today, public television is the primary source of educational children's programming in the United States, broadcasting over 1,200 hours of children's educational programming for home viewing." Id. at 7.

caregivers, and children. The service is designed to ensure that children ages two through twelve master the skills essential to be ready to learn and ready for school. In connection with a minimum of 6 1/2 hours per day of entertaining, educational programming for children, stations offer programming guides and training sessions with activities and lessons to assist parents and caregivers in developing skills to maximize the learning value of the programming.

Public television also broadcasts programs that are designed to help school-age children expand their awareness of literature, geography, literacy, the environment, science, math, ethics, and art.[3] Public television has developed program-related materials and services to accompany this programming and enhance its educational value, including workshops and written guides for teachers and parents, and homework helplines and vacation magazines containing reading lists, projects and extra-curricular activities for school-age children.

In addition, public television offers a wide range of instructional programs for use in schools. Through direct satellite teaching, interactive television, and digital technology, public television has been able to greatly expand its live, in-class instructional offerings. Distance learning permits students in classrooms across the country to interact directly with a teacher who is hundreds or even thousands of miles away. This not only provides a richer and more dynamic learning experience, but also a cost-effective way of

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3 For example, *The Puzzle Place* helps children learn to respect and value people and cultures different from their own; *Reading Rainbow* and *Storytime* introduce young audiences to the wonder and power of reading and stories; *Where in the World Is Carmen Sandiego?* teaches valuable geography and map-reading skills; and *The Magic School Bus* takes young viewers on scientific field trips as fabulous as into the mouth of a volcano, into the eye of a hurricane, and through the digestive system.

equalizing and extending educational opportunities to students in any school in the nation, even those in rural, remote, or disadvantaged areas.[4]

Unlike commercial television, public television's long-standing commitment to serving the educational needs of the nation's children is driven by its mission, not by marketplace forces. And it is that mission, not the marketplace, that will continue to provide the strongest incentive to produce and broadcast educationally effective children's programming. Nonetheless, it is the marketplace that supplies the resources to fulfill that mission, and until now the resources it has supplied have been inadequate to the need. Constrained by a chronic lack of resources, public television struggles to maintain—let alone expand and enhance—its services for children. Public Television welcomes the Commission's effort to find new incentives for the market to provide these resources.

II. MARKET FAILURE HAS CONSTRAINED THE PRODUCTION AND DISTRIBUTION OF EDUCATIONALLY EFFECTIVE CHILDREN'S PROGRAMMING

As the NPRM notes, "the CTA is predicated on the failure of the market to provide a sufficient amount of educational and informational programming for children." (NPRM, ¶ 80.) The Senate Report accompanying enactment of the CTA stated:

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4 Instructional programming provided by public television is used in virtually every school district (14,700 districts), in four of every five public schools (70,000 schools), by two of every three teachers (1.8 million teachers), and by three of every four students (29 million students). Seventy-two percent of the public television licensees broadcast an average of five hours per day of instructional video programming for use in classrooms.

> The same problems with children's programming that the FCC found in 1976 exist today. Market forces have not worked to increase the educational and informational programming available to children on commercial television.[5]

There are two principal reasons for this market failure: (1) the production of educationally effective children's programming is very costly; and (2) the potential revenue return on the broadcaster's investment in children's programming is less than from other programming genres.

A. Educationally Effective Children's Programming is Very Costly to Produce

Quality programming that is specifically designed to serve the educational and informational needs of children is time-consuming and expensive to produce. Talent, sets, costumes, scripts, music, rights payments, and other production costs are but one component of the total expense. Before filming can even begin, the producer needs to consult educational advisors and to conduct formative research to assure that the program is designed to fulfill explicit educational goals for its target audience. Additional expense is required to conduct summative research to assure that those educational goals have been achieved; to create audience materials to enhance the program's educational value; to advertise and promote the program effectively so that it reaches as many children in the target audience as possible; and to develop outreach materials and activities for teachers, parents, and caregivers.

Submitted herewith as Exhibit A is a chart of the production costs for children's programs in the PBS National Program Service. The cost to

5 S. Rep. No. 227, 101st Cong., 1st Sess. 9 (1989).

produce an all-new series can be substantial: the premiere season of *Wishbone* will cost at least $20 million dollars for 40 thirty-minute episodes. Even a well-established series, such as *Sesame Street,* costs more than $20 million for a new season of programming.[6]

The high cost makes local production of children's television programs virtually prohibitive. With only rare exceptions, commercial and noncommercial broadcasters alike acquire their children's programming from national distributors—either commercial networks and syndicators or PBS. As non-profit entities, local public television stations simply do not have the resources to fund the upfront costs of program production, even if some of those costs could later be recouped by licensing the program to broadcasters in other markets. In general, only the largest producing stations could undertake this kind of production, and even they would want the assurance of national distribution to help recoup their costs. Indeed, the $20 million required to produce a season of *Sesame Street* is more than the entire operating budget of all but nine public television stations. At the other end of the economic spectrum, there are 38 public television stations that operate on an annual budget of less than $2 million.

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6 Approximately one-third of the program material in each "new" episode of *Sesame Street* is newly-produced; about two-thirds of each episode consists of material that was produced in prior seasons. We estimate that 90 percent of the annual production budget for *Sesame Street* is expended on the production of new material, and only 10 percent is spent to renew the broadcast rights to previously produced material.

B. For Commercial Broadcasters the Financial Return on Educationally Effective Children's Programming is Generally Less Than on Other Types of Programming

The NPRM requests "detailed information regarding any potential opportunity costs (i.e., the difference in profits from children's educational programming and from other programming that might be aired instead) . . ." (NPRM, ¶ 65.) Submitted herewith as Exhibit B is an "Analysis of Commercial Opportunity Costs Associated With Educational Children's Programming," prepared by Bortz & Company that analyzes the cost of this lost opportunity for broadcasters in different markets and during different dayparts. Significantly, there is no daypart when it would be more profitable for a broadcaster to distribute quality children's programming than to distribute something else.

1. On a Local Level, the Lost Opportunity Cost is Not Sufficient to Fund the Production of New, Educationally Effective Children's Programming

The Bortz & Company analysis estimates that the annual opportunity cost for an individual commercial broadcaster ranges from \$16,000 to \$383,000 for two hours per week of children's programming, depending on the broadcaster, the market, and the daypart. (See Exhibit B.) Bortz & Company estimates that the average cost of producing a single hour of educationally effective children's programming is \$250,000, and there is no opportunity cost that even approaches this amount. The largest opportunity cost in the Bortz & Company analysis is \$383,000, which is the annual cost for two hours per week of programming on an affiliate station in a top 11-20 market in the early fringe (Monday-Friday, 3-6 p.m.) time period. For a single hour of weekly programming, the annual opportunity cost would drop to $191,5000. And if the opportunity cost were valued on an hourly rather than an annual basis, it would be a mere $3,683 per hour. Simply transferring this entire opportunity cost from one local broadcaster to another would be woefully inadequate to fund the production of any new, educationally effective children's programming.

2. On a Local Level, the Lost Opportunity Cost May Not Even Be Sufficient to Fund the Licensing of Existing, Educationally Effective Children's Programming

Bortz & Company estimates that, for an individual broadcaster, the average cost to license one hour of educationally effective children's programming would be $220 to $1,247, or an annual cost of approximately $22,880 to $129,688 for two hours per week of such programming. In fact, this understates the true cost. In PBS's experience, children's programming that only airs one hour each week is a less effective educational resource than programming that is part of a weekly strip. Children are much more likely to find and take full advantage of a program that is available daily, on a dependable channel and at a dependable time. To avoid over-exposure of the program material, a weekly children's programming strip ideally requires at least 65 new episodes each year, or the equivalent of 13 weeks of programming.[7] Based on the Bortz & Company analysis, the cost of licensing these 65 new episodes would range from $28,600 to $162,110.

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[7] While 65 new episodes would be ideal, PBS can only afford between 30 and 50 episodes each year of a children's series. Additional resources would enable PBS to enhance the quality of its children's programming by increasing the proportion of new material.

Comparing the annual cost of licensing children's programming ($28,600 - $162,110) with the annual lost opportunity cost experienced by commercial broadcasters for airing children's programming ($16,000 - $383,000), it becomes clear that, for some broadcasters and some dayparts, even transferring this entire opportunity cost from one local broadcaster to another would not be sufficient to license more educationally effective children's programming than what was already available in that market. Whether it would be sufficient in markets and dayparts where the lost opportunity cost is greater would depend on how much of the cost is transferred. And even then, this approach would only accomplish the goal of the CTA if other, more educationally effective children's programming were available for licensing from national distributors.

III. THE COMMISSION SHOULD ADOPT A POLICY STATEMENT OR RULES ENCOURAGING THE AGGREGATION OF FUNDS FOR THE PRODUCTION OF EDUCATIONALLY EFFECTIVE CHILDREN'S PROGRAMMING

A. Increasing the Quantity of Educationally Effective Children's Programming Requires an Approach that Looks Beyond the Local Marketplace

These marketplace realities present both opportunities and challenges. On one hand, there is an opportunity for commercial broadcasters to recoup some of the lost opportunity cost by taking advantage of the provision of the CTA that permits the Commission to consider at license renewal "(1) any special nonbroadcast efforts by the licensee which enhance the educational and informational value of such programming to children; and (2) any special efforts by the licensee to produce or support programming broadcast by another station in the licensee's marketplace which is specifically designed to serve the educational and informational needs of children." 47 U.S.C. § 303b(b). On the other hand, standing alone, each commercial broadcaster's potential cost savings is generally too small to have any significant impact on the children's programming marketplace. As a rule, simply transferring opportunity costs at the local level will not provide the broadcaster to whom those costs are transferred with the wherewithal to produce or acquire more educationally effective children's programming for that market.

The core problem is not an overabundance of educationally effective children's programming that is going begging in the marketplace because commercial broadcasters are opting to license less educationally effective programming in its stead. The problem is that it is difficult to fund the production and broadcast distribution of this programming and, as a result, it is not readily available. Therefore the challenge is to find a way (i) to aggregate these local savings so that they can be used to fund the production of significant, new, educationally effective programming for children, and (ii) to assure that this programming is then made available for local broadcast.

B. Public Television Proposal

The NPRM seeks comment on whether and how a program sponsorship system might bring about "the kind of measurable increase" in programming that serves the educational and informational needs of children contemplated by Congress when it enacted the CTA. (NPRM, ¶ 7.) In particular, the NPRM asks "whether commercial stations should be allowed to sponsor educational programs on noncommercial stations, and how such sponsorship would support the purposes underlying both the CTA and the noncommercial educational licenses." (NPRM, ¶ 82.) The

Commission also "invite[s] commenters to identify alternatives to our suggested approach to program sponsorship, including alternative definitions of the relevant market for sponsorship agreements." (NPRM, ¶ 85.)

Public Television agrees that "encouraging entities with more expertise in and commitment to children's educational programming to take responsibility for the production and distribution of more such programming" is the most effective way for government regulation to strengthen the functioning of the children's television marketplace. (NPRM, ¶ 79). Public Television further believes that the Commission could provide this encouragement by adopting a policy statement or rules that clarify how the Commission intends to implement its authority under the CTA to award appropriate credit at license renewal for the sponsorship of programming specifically designed to serve the educational and informational needs of children that is broadcast by another station in the licensee's market.

Public Television proposes the following approach to the sponsorship program:

1. The Commission should reiterate that, under the CTA, the Commission may award appropriate credit at license renewal for a licensee's sponsorship of programming specifically designed to serve the educational and informational needs of children that is broadcast by another station in the licensee's market.

2. The Commission should clarify (i) that sponsorship proposals need not be limited to a single market and (ii) that commercial broadcasters are encouraged to develop sponsorship proposals that encompass enough markets to assure the aggregation of sufficient resources to finance the production of educationally effective children's programming.

3. The Commission should clarify that credit will only be awarded for sponsorship proposals that assure local broadcast distribution

of the educationally effective children's programming that the licensee(s) is/are sponsoring.

4. The Commission should clarify the criteria that it will use in determining whether to award credit for a sponsorship proposal. The principal criterion should be whether the sponsorship proposal will further the goal of the CTA by increasing the quantity of educationally effective children's programming available in the marketplace. In making this determination, the Commission should consider the following additional criteria:

   a. Increased financial commitment. Whether the sponsorship proposal represents an increased financial commitment to educationally effective children's programming on the part of the licensees involved.

If the goal is to increase the quantity and educational value of children's programming, the Commission should not award credit for any sponsorship proposal that diminishes, by whatever measure the Commission adopts, the licensee(s)'s financial commitment to serving the needs of children. Credit should be commensurate with the increase in the licensee(s)'s commitment.

   b. Aggregation of sufficient funding to produce new programming. Whether the sponsorship proposal will aggregate enough money to fund the production of new, educationally effective children's programming.

In order for licensees to increase their children's program offerings beyond what is currently available in the marketplace, new, educationally effective children's programming must be produced. The sponsoring licensee(s)'s contribution should not be considered sufficiently "meaningful" unless it aggregates enough resources to further that goal. Sponsorship proposals that will expand the store of educationally effective children's programming should receive greater credit than proposals that simply transfer existing programming from one station to another or that transfer resources from one broadcaster to another to license existing programming.

> c. Increase hours of available programming. Whether the sponsorship proposal will increase the number of hours of educationally effective children's programming available in the licensee(s)'s market(s).

If the goal is to increase the amount of educationally effective children's programming, licensees should not receive credit for sponsorship proposals that count the same hour of children's programming twice—once for the sponsoring station and once for the broadcasting station. Licensees should receive more credit for sponsorship proposals that result in an increase in the number of hours of educationally effective children's programming broadcast in their markets. Sponsorship proposals that result in the broadcast of the same—rather than an increased—number of hours of such programming should receive credit only if they result in the broadcast of new, educationally effective children's programming.

> d. Assurance of broadcast distribution. Whether the sponsorship proposal makes adequate provision not only for production or acquisition of educationally effective children's programming, but also for broadcast distribution of that programming to the children whose needs it is designed to serve.

Funding the creation of educationally effective children's programming addresses only half of the problem; unless that programming is made available to the children whose needs it is designed to serve, the goal of the CTA will remain unmet. For example, programming that is available only on cable is not accessible to children in homes that are not passed by cable or that cannot afford to or choose not to subscribe to cable. Therefore, the Commission should not award any credit for sponsorship proposals that do not also include assurance of broadcast distribution.

While programming sponsored in one market does not necessarily serve the needs of children in another market, the Commission should take a flexible approach to determining whether the overlap between the markets served by the sponsoring licensee(s) and those served by the broadcasting licensee(s) is sufficient to further the goals of the CTA. If the Commission were only to consider sponsorship proposals that involved two broadcasters within the same market, the type of market definition proposed in the NPRM might be appropriate. If, however, the Commission wishes to encourage the type of broader sponsorship proposal that Public Television believes is needed to assure the creation of new, educationally effective children's programming, the Commission needs to retain the flexibility to consider a much broader market definition.

> e. Designed To meet educational goals. Whether the sponsorship proposal involves programming that is specifically designed to meet the educational and informational needs of children, as intended by the CTA and defined by the Commission.

The Commission should not award credit for any sponsorship proposal that it does not believe will further the purpose of the CTA to facilitate programming that is specifically designed to meet the educational and informational needs of children.

> f. Additional factors. Whether there are any other factors that would lead the Commission to conclude that the sponsorship proposal would further the purposes of the CTA.

The Commission should retain the flexibility and discretion to weigh the public interest benefits of each sponsorship proposal and to award credit to the licensee(s) involved commensurate with the extent to which the proposal would further the purposes of the CTA. There may be many different paths to achieving this objective, and the Commission should not needlessly foreclose any of them at this time. The objective should be to unleash the creativity of the marketplace, not to constrain it with overly rigid regulations. Bold thinking will be required to develop sponsorship proposals that provide both the funding and the broadcast distribution required to bring about a measurable increase in the quality and quantity of educational and informational programming for children. But until the Commission signals the marketplace that it will entertain such proposals, no one will develop them. Later, the Commission will have an opportunity to test each sponsorship proposal against the criteria it has established, and it may withhold credit from any proposal that does not do enough to further the objectives of the CTA.

5. The Commission should clarify that either commercial or public television stations may avail themselves of the opportunity to receive credit towards their children's programming obligation by sponsoring educationally effective children's programming on other stations.

While commercial broadcasters are more likely to be interested in sponsoring programming than noncommercial broadcasters are, there are some markets served by more than one public television station, and those stations should also be able to propose sponsorship arrangements.

6. The Commission should establish a process to enable broadcasters interested in proposing sponsorship arrangements to obtain advance assurance from the Commission that successful implementation of their proposal would satisfy the Commission's criteria for awarding credit at license renewal.

The type of sponsorship arrangement that would most effectively further the purposes of the CTA involves aggregation of the substantial resources required to fund new, educationally effective children's programming and a plan for broadcast distribution of that programming. But broadcasters are unlikely to make commitments of this magnitude without some assurance that the commitments will not have been made in vain.

To provide licensees with guidance about the acceptability of sponsorship proposals, the Commission should provide for regulatory determinations, perhaps in the form of declaratory rulings, that will render prior judgments on the adequacy of sponsorship arrangements. This would also provide a forum for resolving any questions that might arise about which licensees in which markets should receive credit for the sponsorship proposal.

C. Illustrations of How the Public Television Approach Might Be Implemented

Public Television has developed the following hypothetical examples of how the Commission might analyze bolder, more creative types of sponsorship arrangements under the approach and criteria proposed in these comments:

1. Contributions to a PBS Children's Programming Fund.

A commercial television network might propose a sponsorship arrangement whereby the network would contribute a substantial sum, on behalf of its affiliates, to a PBS Children's Programming Fund. In exchange, PBS would commit (i) to use the money to produce or acquire educationally effective children's programming and (ii) to make that programming available to all public television stations for local broadcast. Applying the criteria suggested above, the Commission could conclude:

- Financial commitment and aggregation of sufficient funding to produce new programming. Because the contribution is going directly to a national Children's Programming Fund, there is no question that the sponsorship proposal would aggregate money to fund the production or acquisition of educationally effective children's programming. Whether the money aggregated is sufficient for that purpose, and whether it represents an increased commitment of resources by commercial broadcasters to children's programming, would depend on the substantiality of the network's contribution.

- Increase in the hours of available programming. Because the PBS Children's Programming Fund is dedicated to the production or acquisition of children's programming, the sponsorship proposal would provide reasonable assurance that an increased number of hours of new, educationally effective children's programming would be produced.

- Assurance of broadcast distribution. By providing for national broadcast distribution of the children's programming produced or acquired with the network's contribution, the sponsorship proposal would make these additional hours of children's programming available for local broadcast by public television stations throughout the country, so that the programming would be accessible to the children whose needs it is designed to serve.

- Designed to meet educational goals. PBS's leadership and experience in providing educationally effective children's programming would help to assure that the programming produced or acquired as a result of the sponsorship proposal would serve the educational and informational needs of children, as intended by the CTA.

- Other factors. The sponsorship proposal would further the Commission's goal of "encouraging entities with more expertise in and commitment to children's educational programming to take responsibility for the production and distribution of more such programming." It would allow market forces to supply the financial resources that public television so sorely needs to fulfill and expand its commitment to serving the educational and informational needs of children. More importantly, it would include both of the elements required to assure that children benefit—aggregation of programming funds and local broadcast distribution of that programming to child audiences.

Based on this analysis, the Commission could determine that the network's affiliates should receive credit at license renewal for their network's sponsorship of programming funded by the PBS Children's Programming Fund and distributed to public television stations for local broadcast. Whether all or only some of the affiliates would receive credit, and the extent of that credit, would depend on the financial and other details of the proposal.

2. Contributions of Programming to Public Television.

A different type of sponsorship proposal might involve a commercial television network's production of new, educationally effective children's programming and its contribution, on behalf of its affiliates, of the broadcast rights to that programming to PBS, in exchange for PBS's commitment to distribute the programming to public television stations for local broadcast. The network might retain the ancillary rights to the programming.

Whether this type of sponsorship proposal represents an increased commitment of resources by commercial broadcasters to children's programming would depend on the network's production costs and the value of the broadcast rights conveyed to PBS. Assuming a sufficient commitment of resources, the Commission could find that such a proposal satisfies the above criteria. The contribution of broadcast rights to network-produced programming would result in the aggregation of sufficient funding for production of new children's programming; and the national distribution of that programming by public television would make it accessible to child audiences. In turn, that distribution arrangement would enable the network to free additional time for other programming from which the network and its affiliates might realize greater advertising revenue.

These are just examples of how the criteria suggested by Public Television could give broadcasters the incentive and broad discretion to fashion sponsorship arrangements that would further the purposes of the CTA. Without these, or similar guidelines, by which the Commission can evaluate the effectiveness of sponsorship proposals for license renewal credit, the sponsorship concept may not be an effective mechanism for facilitating the goals of the CTA.